



2018/2019

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN

INKOSI LANGALIBALELE LOCAL MUNICIPALITY

FOREWORD BY HER WORSHIP THE MAYOR



The year 2018- is a year of Centenaries in the history of South Africa, being the year in which RSA celebrates the legacy of our former president R.N. Mandela who would have turned 100 years this July 2018. Inkosi Langalibalele Municipality presents its SDBIP which gives effect to the 2018/2019 IDP and BUDGET as adopted by council on the 30th June 2018.

Our 2018/2019 SDBIP- IDP and Budget is of a special one since in essence it is presented before the National Government Elections that would shape the future of the country.

It is for this reason that the current IDP is externally focused and driven by needs of the society geared towards the Aspirations of the community derived from stakeholders engagements through Public Participation channels.

LED- Strategy is yet to be developed as submitted to council for approval. A report on tourism strategy awaits council resolution. The IDP in the main seeks to and provide solutions to pressing issues such as: ROADS, ELECTRICITY, WATER, and HOUSING.

The need to develop an ICT website is long overdue. Capacitated and Motivated staff complements whose potential can only be achieved through workplace skills plan (WPSP) is a necessity. The IDP- its application will ensure a content and a proud residents of ILM- which will make this Municipality a nice place of abode. This IDP- signals over Provincial Growth and Development Strategy (PGDS) milestones and takes us to the next National Government Election.

With the assertion of the above- this SDBIP comes at a time when Municipalities throughout the Province are faced with protest action and violence, with Inkosi Langalibalele being no exception. Under this cloud of service delivery disgruntlements, communities have gone on rampage closing major routes and destroying property, led by criminal elements. This document may thus seek to address some of these shortcomings.

The SDBIP serves as a monitoring tool for projects, programs and services contained in our IDP and funded in our budget. All projects and programs contained in this plan present a commitment by council and administration to our citizens to ensure that we continue improving their lives by the reduction of Poverty Inequality and unemployment (PIU).

This plan is also a guiding principle towards realizing Inkosi Langalibalele vision which states that by 2030 Inkosi Langalibalele Local Municipality shall unlock potential growth while striving for a sustainable competitive and a safe environment, by advancing people's power. One therefore holds a firm belief that this SDBIP will make a significant contribution towards improving the conditions of the community we serve. We therefore agree to be sent.

I thank you.

Cllr J.M Mbele (Her Worship, the Mayor)

Inkosi Langalibalele Local Municipality

1. INTRODUCTION

The purpose of the Service Delivery and Budget Implementation Plan (SDBIP) for 2018/2019 financial year is to present a one year detailed implementation/operations plan, of functions which Inkosi Langalibalele Local Municipality is responsible to implement and, which gives effect to the implementation of the Integrated Development Plan (IDP) and the approved budget for 2018/2019 of the Municipality.

The SDBIP is a “contract” between the Administration, Council and Community expressing the goals and objectives set by Council as quantifiable outputs/targets to be implemented by the administration over the next twelve months. Furthermore, the SDBIP for 2018/2019 will not only ensure appropriate monitoring in the execution of the municipality’s budget and processes involved in the allocations of budgets to achieve key strategic priorities as set by the municipality’s IDP, but will also serve as the kernel of annual performance contracts for senior management and provide a foundation for the overall annual and quarterly municipal performance for the 2018/2019 financial year.



1.1 Legislative Framework in terms of MFMA

The Municipal Finance Management Act (MFMA) No. 56 of 2003 requires that municipalities prepare a Service Delivery and Budget Implementation Plan (SDBIP) as a strategic financial management tool to ensure that budgetary decisions that are adopted by municipalities for the financial year and are also aligned with their Integrated Development Plan Strategies.

Section 1 of the MFMA defines the “service delivery and budget implementation plan” as the detailed plan approved by the mayor of the municipality in terms of Section 53 (1) (c) (ii) for implementing the municipality’s delivery of municipal services and its annual budget and which must include the following:-

a) Projections of each month of-

- i. revenue to be collected, by source; and*
- ii. operational and capital expenditure, by vote;*

b) Service delivery targets and performance indicators for each quarter; and

c) Any other matters that may be prescribed, and includes any revisions of such plan by the mayor in terms of section 54(1)(c).

In terms of Section 53 (i)(c)(ii) of the MFMA, the SDBIP must be approved by the Mayor of a municipality within 28 days of the approval of the budget.

According to Section 53(c)(ii) of the Municipal Finance Management Act, the Mayor is expected to approve the Service Delivery Budget Implementation Plan within 28 days after the approval of the budget. In addition, the Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the Service Delivery Budget Implementation Plan are made public within 14 days after their approval.

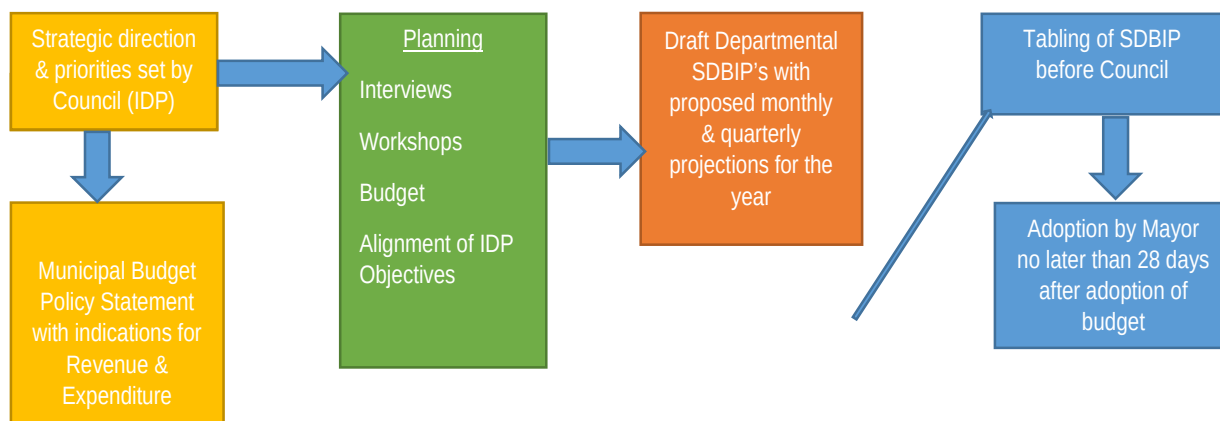
As per Municipal Finance Management Act Circular No 13, National Treasury currently prefers not to prescribe other matters to be included in the Service Delivery Budget and Implementation Plan. This is to ensure good governance and accountability on the part of Municipalities. However, there are five minimum requirements that the National Treasury requires to form part of the Service Delivery Budget and Implementation Plan (Municipal Finance Management Act Circular No. 13). These are outlined below:

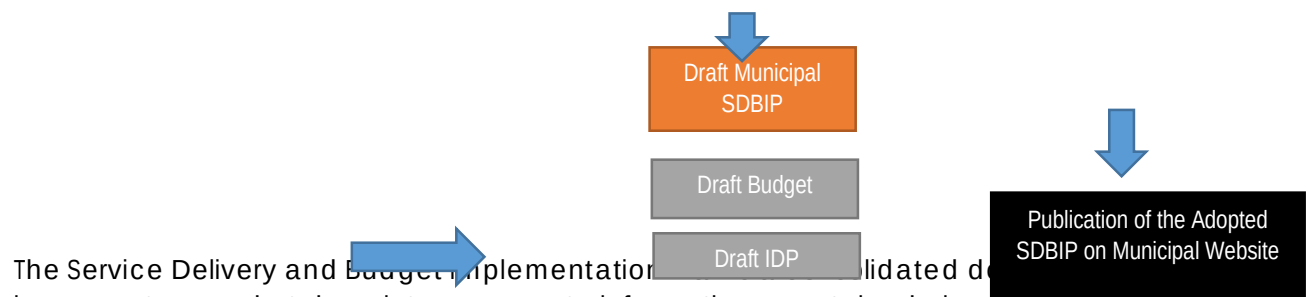
1. Monthly projections of revenue to be collected by source;
2. Monthly projections of expenditure (operating and capital) and revenue for each vote;
3. Quarterly projections of service delivery targets and performance indicators for each vote;
4. Ward information for expenditure and service delivery; and
5. Detailed capital works plan broken down by ward over a 3-year period.

In terms of the Municipal Finance Management Act, a Vote is a Department or a functional area of a Municipality and represents the various levels at which the Council approves the budget.

As indicated by the National Treasury in Municipal Finance Management Act Circular No 13, the biggest challenge for Municipalities is to develop meaningful non-financial service delivery targets and indicators.

1.2. SDBIP Process and Cycle at Inkosi Langalibalele Local Municipality





The Service Delivery and Budget Implementation Plan incorporates and takes into account information contained in the Integrated Development Plan of the Municipality, Operational Plans for each Department and the budget statements for each Department within the Municipality. Resultantly, the completion of the Service Delivery and Budget Implementation Plan hinges on the finalisation of the above documentation.

The Inkosi Langalibalele Local Municipality began its budgeting process during the 2018 year, in which input into the Departments' strategic objectives and outputs for the 2018/2019 budget year were gathered and formed the basis of the individual Departmental scorecards.

Assigned to these strategic objectives and outputs were a set of targets, which the Municipal Officials viewed as vital to achieve in order to meet the service delivery requirements of the Inkosi Langalibalele Local Community.

With all the relevant information needed for the Service Delivery and Budget Implementation Plan, work began to fulfil the requirements of Section 53 of the Municipal Finance Management Act. Initially, meetings were held with the relevant Departmental heads and staff, in which their scorecards and budget statements for 2018/2019 year were discussed. These discussions facilitated the alignment of the strategic objectives and outputs to the budget statements, allowing for expenditure to be projected across the 2018/2019 year in terms of the service delivery targets set for the strategic objectives and outputs.

A Three year detailed Capital Works Plan was also compiled, which is a fair projection of capital expenditure to be incurred by the Municipality. Once complete, the above information was consolidated into the Service Delivery and Budget Implementation Plan.

2. ALIGNMENT TO THE IDP

Inkosi Langalibalele Local Municipality identifies some strategic focus areas based on inputs and comments from all stakeholders through the IDP process which are dealt with in the following Key Performance Areas:

- a) Municipal Transformation and Institutional Development
- b) Basic Service Delivery
- c) Local Economic Development
- d) Financial Viability
- e) Good Governance and Public Participation
- f) Cross Cutting

3. MONITORING AND EVALUATION

The Municipal Council has approved Performance Management System Policy. The performance management system makes provisions for the Quarterly and Mid-year performance reporting and reviews on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP). The key focus areas and service delivery targets for the 2018/2019 are outlined in the following sections of this plan.

3.1. Reporting on the Service Delivery and Budget Implementation Plan (SDBIP)

Reporting on the SDBIP is an important way of linking this document to the oversight and monitoring operation of the Inkosi Langalibalele Local Municipality's administration.

A series of reporting requirements are outlined in the MFMA. Both the mayor and the accounting officer (Municipal Manager) have clear roles as defined in the MFMA, in preparing and presenting reports. These reports then allow the Councillors of the Inkosi Langalibalele Local Municipality to monitor the implementation of the service delivery programs and initiatives.

3.2. Monthly Reporting

Section 71 of the MFMA requires the municipality to report on actual revenue collected and actual expenditure incurred against the approved budget. This report must be prepared by the accounting officer on a monthly basis, 10 days after each month end.

The report must include the following, namely:

- *Actual revenue, per source;*
- *Actual borrowings;*
- *Actual expenditure, per vote;*
- *Actual capital expenditure, per vote; and*
- *The amount of any allocations received*

In addition, the following explanations must be included:

- *Any material variances from the projected budget targets;*

- *Any material variances from the SDBIP; and*
- *Any remedial or corrective action taken or to be taken.*

3.3 Quarterly Reporting

Section 52(d) of the MFMA requires the Mayor to submit a report to council, detailing the implementation of the budget and financial state of affairs of the municipality within 30 days after each quarter. The quarterly performance targets indicative within the SDBIP is the basis of this report.

3.4 Mid-year Reporting

Section 72(1)(a) of the MFMA outlines the mid-year reporting requirements. The accounting officer is required by the 25th January of each year to assess the performance of the Municipality, and must take into account the following:

- *The monthly Section 71 reports;*
- *The service delivery performance against the targets and indicators set forth in the SDBIP; and*
- *The previous year's annual report and progress made to resolve any issues identified in this report.*

Based on this performance assessment report the municipality may decide to table an adjustments budget in terms of Section 28 of the MFMA. The SDBIP is a living document and may be modified in conjunction with the adjustment budget process, based on the outcome of the mid-year performance review.

Revenue and Expenditure Projections

This section contains the financial information as required by the SDBIP.

The monthly projection of revenue by source; and

The monthly projection of both operating and capital expenditure and revenue by vote.

4. PRINCIPLES UNDERPINNING OUR SDBIP

The Inkosi Langalibalele Municipality commits to the following key principles in its implementation of the SDBIP. That the process:

- Must be used as a management tool and incorporated into existing ways of managing performance in the municipality.
- Measurement must be based on clearly defined targets and agreed timeframes.
- Must align strategic organisational development goals and budget prioritisation linked to community needs and resource constraints.
- Must provide for measurement of progress against IDP commitments;
- Only focus on budgeted projects
- Must ensure measurement of performance against National KPIs
- Must promote use as an early warning system
- Must focus on outcomes (development impact achievements)
- Must provide clarity to all employees on their role in the achievement of municipal and departmental targets.

5. MONTHLY PROJECTIONS OF REVENUE BY SOURCE

KZN237 Inkosi Langalibalele - Supporting Table SA25 Budgeted monthly revenue and expenditure																
Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source	-															
Property rates		7 129	7 129	7 129	7 129	7 129	7 129	7 129	7 129	7 129	7 129	7 129	7 129	85 551	90 171	95 581
Service charges - electricity revenue		19 166	19 166	19 166	19 166	19 166	19 166	19 166	19 166	19 166	19 166	19 166	19 166	229 990	242 740	257 673
Service charges - water revenue													-	-	-	-
Service charges - sanitation revenue													-	-	-	-
Service charges - refuse revenue		331	331	331	331	331	331	331	331	331	331	331	331	3 966	4 389	4 885
Service charges - other													-	-	-	-
Rental of facilities and equipment		20	20	20	20	20	20	20	20	20	20	20	18	237	249	264
Interest earned - external investments		63	63	63	63	63	63	63	63	63	63	63	63	754	795	843
Interest earned - outstanding debtors		56	56	56	56	56	56	56	56	56	56	56	56	672	708	751
Dividends received													-	-	-	-
Fines, penalties and forfeits		1 605	1 605	1 605	1 605	1 605	1 605	1 605	1 605	1 605	1 605	1 605	1 606	19 262	20 303	21 521
Licences and permits		312	312	312	312	312	312	312	312	312	312	312	313	3 746	3 949	4 186
Agency services		54											-	-	-	-
Transfers and subsidies		981				57 988				54 981			0	167 951	181 607	195 946
Other revenue		336	336	336	336	336	336	336	336	336	336	336	336	4 033	4 251	4 506
Gains on disposal of PPE													-	-	-	-
Total Revenue (excluding capital transfers and contributions)		83 999	29 018	29 018	29 018	87 006	29 018	29 018	29 018	83 999	29 018	29 018	29 017	516 163	549 163	586 155
Expenditure By Type																
Employee related costs		12 643	12 643	12 643	12 643	12 643	12 643	12 643	12 643	12 643	12 643	12 643	12 642	151 714	159 906	169 500
Remuneration of councillors		1 482	1 482	1 482	1 482	1 482	1 482	1 482	1 482	1 482	1 482	1 482	1 481	17 779	18 739	19 863
Debt impairment		583	583	583	583	583	583	583	583	583	583	583	583	7 000	7 378	7 821

Depreciation & asset impairment		3 972	3 972	3 972	3 972	3 972	3 972	3 972	3 972	3 972	3 972	3 972	47 660	50 234	53 248	
Finance charges		84	84	84	84	84	84	84	84	84	84	83	1 002	1 056	1 119	
		14		14												
Bulk purchases		435	14 435	435	14 435	14 435	14 435	14 435	14 435	14 435	14 435	14 436	173 221	182 575	193 529	
Other materials		1 350	1 350	1 350	1 350	1 350	1 350	1 350	1 350	1 350	1 350	1 350	16 198	17 073	18 097	
Contracted services		2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	2 500	30 000	31 620	33 517	
Transfers and subsidies		—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Other expenditure		4 612	4 612	4 612	4 612	4 612	4 612	4 612	4 612	4 612	4 612	4 612	55 341	58 330	61 830	
Loss on disposal of PPE												—	—	—	—	
Total Expenditure		41 659	41 659	41 659	41 659	41 659	41 659	41 659	41 659	41 659	41 659	41 660	499 914	526 910	558 524	
Surplus/(Deficit)		42 340	(12 642)	(12 642)	(12 642)	45 347	(12 642)	(12 642)	(12 642)	42 340	(12 642)	(12 642)	(12 643)	16 249	22 253	27 630
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		16 983				16 983				16 983			—	50 949	42 661	49 232
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)													—	—	—	—
Transfers and subsidies - capital (in-kind - all)													—	—	—	—
Surplus/(Deficit) after capital transfers & contributions		59 323	(12 642)	(12 642)	(12 642)	62 330	(12 642)	(12 642)	(12 642)	59 323	(12 642)	(12 642)	(12 643)	67 198	64 914	76 862
Taxation													—	—	—	—
Attributable to minorities													—	—	—	—
Share of surplus/ (deficit) of associate													—	—	—	—
Surplus/(Deficit)	1	59 323	(12 642)	(12 642)	(12 642)	62 330	(12 642)	(12 642)	(12 642)	59 323	(12 642)	(12 642)	(12 643)	67 198	64 914	76 862

6. REVENUE AND EXPENDITURE BY MUNICIPAL VOTE

KZN237 Inkosi Langalibalele - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)																
Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	-															
Vote 1 - CORPORATE													-	-	-	-
Vote 2 - MUNICIPAL MANAGER													-	-	-	-
Vote 3 - BUDGET & TREASURY OFFICE		22 313	22 313	22 313	22 313	22 313	22 313	22 313	22 313	22 313	22 313	22 313	22 312	267 752	276 298	300 930
Vote 4 - COMMUNITY SERVICES		1 419	1 490	1 490	1 490	1 490	1 490	1 490	1 490	1 490	1 490	1 490	716	17 030	17 950	19 027
Vote 5 - DEVELOPMENT PLANNING		103	103	103	103	103	103	103	103	103	103	103	103	1 239	1 305	1 384
Vote 6 - PUBLIC WORKS: CIVIL		3 195	3 195	3 195	3 195	3 195	3 195	3 195	3 195	3 195	3 195	3 195	3 195	38 336	40 407	42 831
Vote 7 - PUBLIC WORKS: ELECTRICITY		20 230	20 230	20 230	20 230	20 230	20 230	20 230	20 230	20 230	20 230	20 230	20 230	242 755	255 864	271 216
Vote 8 - [NAME OF VOTE 8]													-	-	-	-
Vote 9 - [NAME OF VOTE 9]													-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-

Vote 11 - [NAME OF VOTE 11]												-	-	-	-
Vote 12 - [NAME OF VOTE 12]												-	-	-	-
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Total Revenue by Vote	47 259	47 330	47 330	47 330	47 330	47 330	47 330	47 330	47 330	47 330	47 330	46 556	567 112	591 824	635 387
<u>Expenditure by Vote to be appropriated</u>															
Vote 1 - CORPORATE	3 178	3 178	3 178	3 178	3 178	3 178	3 178	3 178	3 178	3 178	3 178	3 178	38 130	40 189	42 600
Vote 2 - MUNICIPAL MANAGER	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	3 310	39 719	41 864	44 376
Vote 3 - BUDGET & TREASURY OFFICE	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 226	14 225	170 707	179 925	190 720
Vote 4 - COMMUNITY SERVICES	1 902	1 902	1 902	1 902	1 902	1 902	1 902	1 902	1 902	1 902	1 902	1 902	22 827	24 059	25 503
Vote 5 - DEVELOPMENT PLANNING	134	134	134	134	134	134	134	134	134	134	134	134	1 613	1 700	1 802
Vote 6 - PUBLIC WORKS: CIVIL	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 461	2 460	29 527	31 121	32 988
Vote 7 - PUBLIC WORKS: ELECTRICITY	16 450	16 450	16 450	16 450	16 450	16 450	16 450	16 450	16 450	16 450	16 450	16 443	197 393	208 052	220 535
Vote 8 - [NAME OF VOTE 8]												-	-	-	-
Vote 9 - [NAME OF VOTE 9]												-	-	-	-
Vote 10 - [NAME OF VOTE 10]												-	-	-	-
Vote 11 - [NAME OF VOTE 11]												-	-	-	-
Vote 12 - [NAME OF VOTE 12]												-	-	-	-
Vote 13 - [NAME OF VOTE 13]												-	-	-	-
Vote 14 - [NAME OF VOTE 14]												-	-	-	-
Vote 15 - [NAME OF VOTE 15]												-	-	-	-
Total Expenditure by Vote	41 660	41 660	41 660	41 660	41 660	41 660	41 660	41 660	41 660	41 660	41 660	41 652	499 914	526 910	558 524

Surplus/(Deficit) before assoc.		5 599	5 669	5 669	5 669	5 669	5 669	5 669	5 669	5 669	5 669	5 669	4 904	67 198	64 914	76 862
Taxation Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	5 599	5 669	5 669	5 669	5 669	5 669	5 669	5 669	5 669	5 669	5 669	4 904	67 198	64 914	76 862

